U.S. Army Materiel Command

Source Selection Army Overview & Tips for Success

Presented to NCMA Boston Chapter's 45th Annual Workshop

15 Mar 06

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AGENDA

- Source Selection Overview
- Source Selection - Acquisition Phases
  - Gov’t vs. Industry Perspective
- Determining evaluation criteria
- Best Value – Tradeoff
- Past Performance
- Lessons Learned & Hints for Success

Source Selection (SS) Overview

- **What is Source Selection?**
  - Process to acquire products and services using competitive procedures
  - *Execution of the strategy*
  - *Objective process with subjective scoring*
    - *Disciplined approach* - each contractor evaluated against the same criteria with ratings applied consistently
- **How does it help us?**
  - Fosters impartial and comprehensive review of proposals leading to the '*best offer*' – *best value*
  - Utilizes a *trade-off process* – 'provides the greatest overall benefit' to the government – *best value*
    - Weighs the added benefits & lower risks of a higher priced offer

"Need To Be Faster, More Agile, Less Bureaucratic – Need To Fight This Everyday"

Why do we need a good source selection process - strategy?

- Obtain the *best value* for our customers
- Manage risk
- Foster understanding by offerors– ‘no guessing needed’
- Establish and ensure a *strategy is followed*
- **Ensure strategy contains effective discriminators among**
- Utilize open/continuous & effective market research
- Ensure conformity with ‘rules’ and socio-economic policies

Ensure Integrity….

eryday”

What are the objectives of Source Selection?

- Maximize competition and fairness
  - Encourage small business participation
  - Buy the best product or service for the Soldier*

    at the right time for the best available price
    - *"Best Value"*
  - Structure 'Source Selections' & Evaluations to get the best proposals to choose from
  - Minimize operating costs
    - Buy smart – leverage buys - future is '*strategic sourcing*'

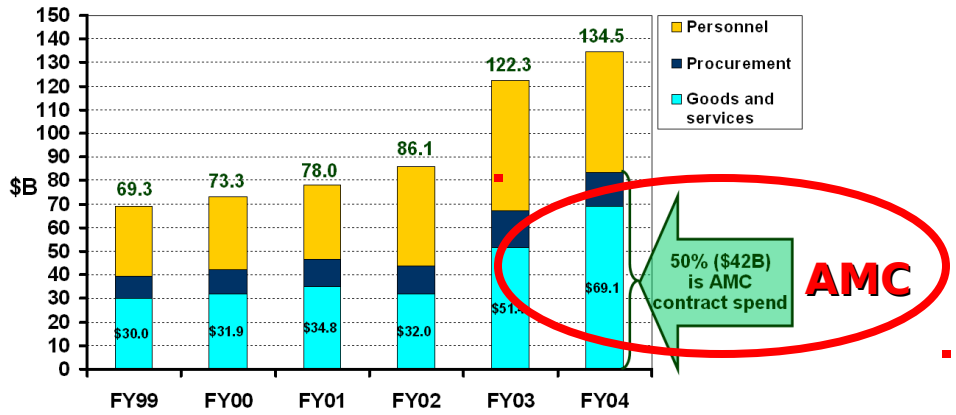
Why is SS important to us?

Army / AMC Spend is Big Business

FY05 Army budget = $115 B[1]*

DoD FY05 budget $446 billion*

Purchased Goods and Services Represent a Significant Portion of the Army's Budget



RAND

SOURCE: OUSD (Comptroller), *National Defense Budget Estimates for FY1999–FY2005*, March 1998–March 2004, Tables 6-3, 6-6. http://www.dod.mil/comptroller/defbudget/fy2005/fy2005_greenbook.pdf; and Civ Pers from http://www.asafm.army.mil/budget/fybm/FY05/oma/vol1.pdf, Operations & Maintenance, Army OP32 Exhibit. NOTE: RDT&E, MILCON, and Family Housing Civ Pers estimated by using average cost/FTE.

40 05/04

Personnel 36%

1 – Includes personnel costs which are 38% of total

* Estimates, FY05 actuals not yet posted

FY06 – DoD $419 B*
Army $100.3B*

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Past Performance

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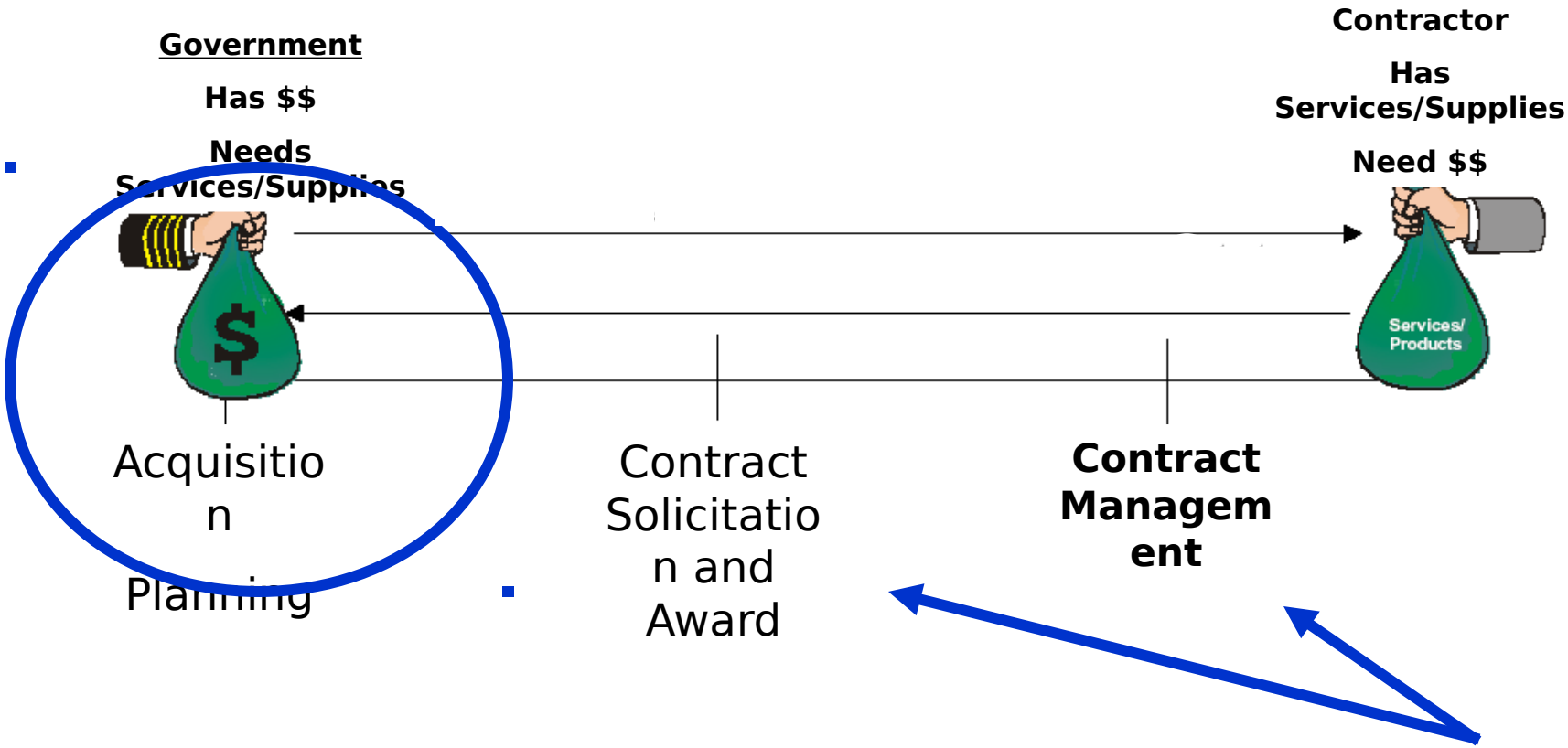
Source Selection
Acquisition Phases



Heavy concentration upfront – pays lots of dividen

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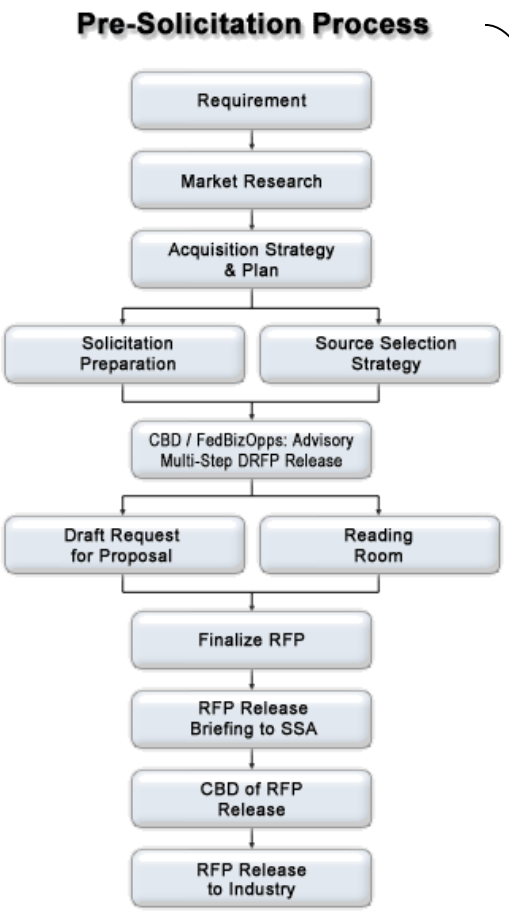
Acquisition Planning Phase



Government

- Determination of Need
- Market Research
- Extent of competition
- Source Selection Planning
- Selection of terms / conditions planning

Industry

- Identify Opportunities – FedBizOpps / AMC Adv Planning for Industry (APBI) conferences
- Market Business
  - Industry days, Networking, Associations Targeted calls, Conferences, CCR
- Partnering or Subcontracting
- Pre-Solicitation Notice / RFI responses
- Site visits

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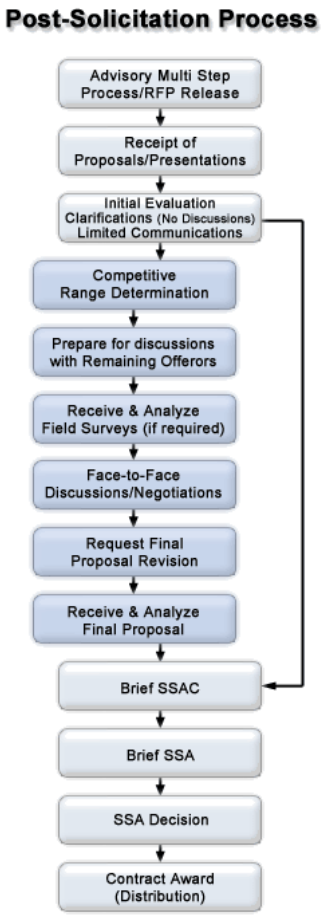
Solicitation & Contract Award Phase



Government

- Solicitation of Offers
- Source Selection
  - Evaluation
  - Negotiations
  - Trade off
  - Brief SS Advisory Committee
  - Brief SS Authority
- Decision by SS Authority
- Award Contract

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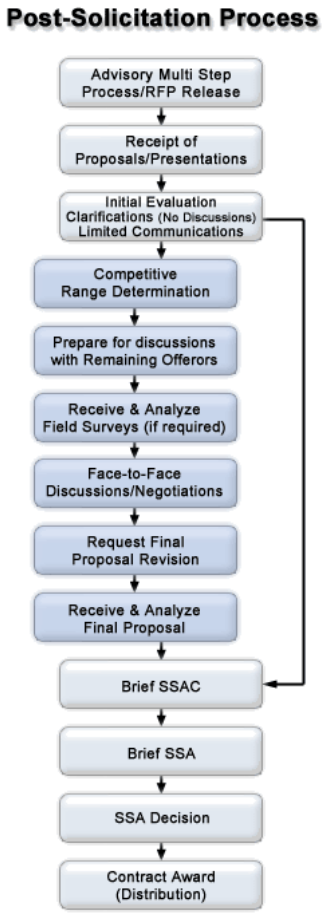
Solicitation and Contract Award Phase



Industry

- Conduct Customer Analysis
  - Track RFI / draft RFPs
- Form any Teams prior to responding to RFPs
- Make “Bid – No Bid” decisions early
- Understand the RFP / T&Cs
  - Read Executive Summary
  - Special Contract Requirements
  - PWS – SOW / SOO
  - Deliverables, CDRLs
  - ***Section L & M – key sections***
- Offer best pricing - based on *risks - performance*
- Fact of life: *pricing is competitive*

* See back up charts

AGENDA

Source Selection Overview
Source Selection - Acquisition Phases
Gov’t vs. Industry Perspective
Determining evaluation criteria
Best Value – Tradeoff
Past Performance
Lessons Learned & Hints for Success

Source Selection
Determining Evaluation Criteria

What's the Purpose?

- ***Provides the Basis of the Evaluation***

- **Guides the Offerors in Preparation of their Proposals**

- **Suggests a Structure for the Organization of the Evaluation**

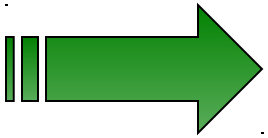
- **Guides the Source Selection Authority in the**

Evaluation Criteria Importance - Emphasis

- ✓ Tailor to acquisition – each is unique
- ✓ Include discriminators
- ✓ Importance / emphasis is a Government call
- ✓ Limit Factors / subfactors (manageable, important)

Have evaluation factors been appropriately weighted?

Make Smart Business Decisions



	NO	YES
Selecting Criteria	Technical, Management, Integration, Logistics, CLS, Price, SubK, Software, Past Perf, Personnel	Technical, Past Performance, Price
Weighting Criteria	25% 25% 25% 25% 40% 40% 5% 5% 5% 5%	50% 30% 20%
Determining Relationships	No statement, Unclear, Inconsistent	Clear, Consistent
Selecting Rating Systems	Numeric	Adjectival Colors
Establishing Standards	None, Unrealistic	Realistic

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Different Types Ratings & Evaluations

Ratings Briefing Illustration

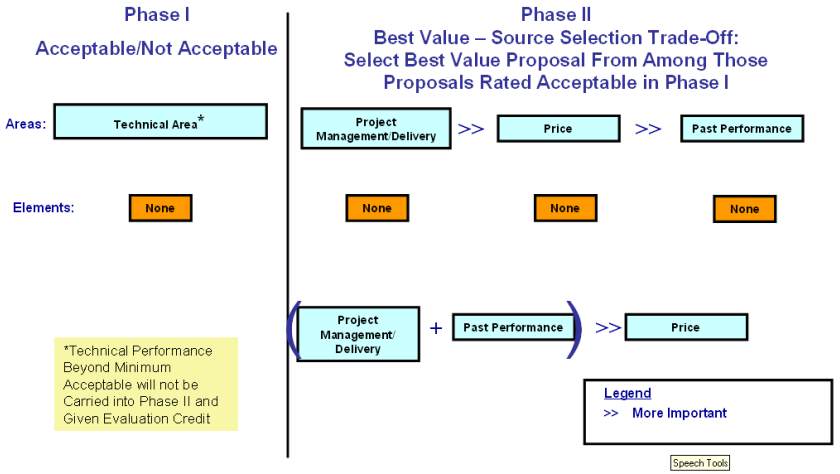
TECHNICAL/MANAGEMENT/SB	PERFORMANCE RISK
OUTSTANDING (Blue)	LOW RISK (Blue)
GOOD (Green)	MODERATE RISK (Yellow)
ACCEPTABLE (Yellow)	HIGH RISK (Red)
SUSCEPTIBLE (Pink)	
UNACCEPTABLE (Red)	

Speech Tools

NUMERIC

90-100 – Outstanding
80-90 - Good
70-80 - Acceptable
60-70 - Unacceptable

Phased Evaluation



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Evaluation Discriminators

True discriminators have the following characteristics:

- A reasonable expectation of variance among offerors
- An assessable variance (quantitative or qualitative measures)
- Requirement(s) warrant comparative evaluation of that variance

What is their interrelationship?

Are the factors select
true discriminators?

What are the appropriate non cost
evaluation criteria?

Selecting Evaluation Criteria

Non Cost Factors:

1. Logistics
2. System Integration
3. Technical
4. Market Acceptance
5. Management
6. Personnel
7. Past Performance
8. Energy efficiency

etc.

Sources of Evaluation Factors:

- ✓ Requirements
- ✓ Risks
- ✓ Desired Performance levels
- ✓ Product Attributes
- ✓ Market Research
- ✓ Similar buys
- ✓ Total – Life Cycle cost
- ✓ Laws / Reg's

Mandatory Evaluation Factors:

✓ Cost/Price ✓ Past Performance ✓ Quality (non cost)

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Cost
Mandatory Evaluation Factor

Cost/Price Factors:

- Vary depending on contract type
- Consider Reasonableness
- Include Cost realism
- State clearly what is evaluated & how in RFP
- Represent an unscored fact

What are the appropriate cost criteria?

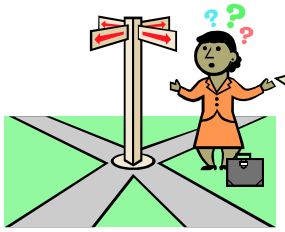
Mandatory Factors
Past Performance ✓

Objectives are to provide:

- **DoD the opportunity to discriminate during source selection among offerors based on prior Performance**

- **Contractors an additional incentive to perform on existing contracts**

- **A tool for communication and feedback to both government and industry**



SO, how do we Collect it?

Stay Tuned! More to follow

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Mandatory Evaluation Factor
Past Performance:

- PPI must be current and relevant
  - *Contractors should always be allowed to provide PPI in their proposal*

- PPI should be unbiased
  - *Personal opinions are not appropriate*

- Solicitations should clearly state how and what they intend to use in the source selection criteria
  - *Evaluation weight and type of information*

- Collection methodologies must be consistent

- Contractors must have an opportunity to rebut negative or adverse information obtained from any source (e.g., report cards, surveys, phone calls)

- Contractors must not be disadvantaged by the lack of PPI

Performance *Risk* vs Responsibility Determination

Responsibility Determination

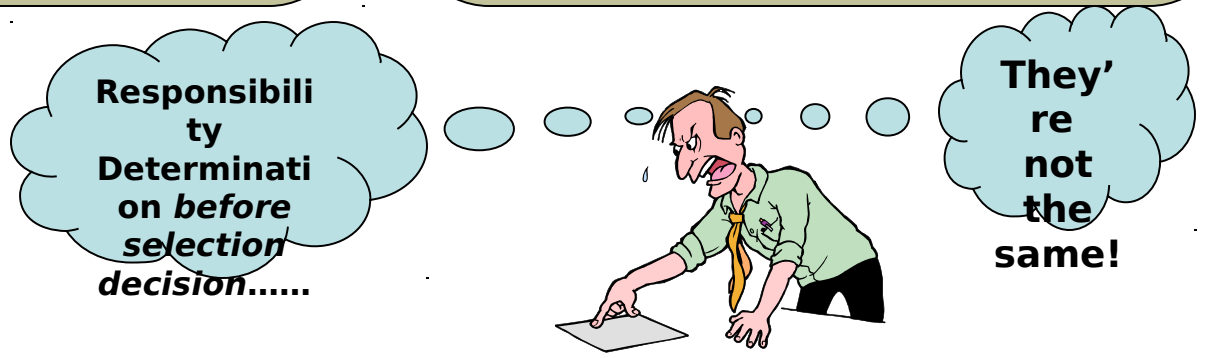
CAN the Offeror Successfully Perform the Contract IAW FAR 9.104

- **PCO Determination is Go / No GO**
- **Non Responsible offerors ineligible for**
- **SB – can petition SBA for CoC override**

Performance Risk

Likelihood Offeror WILL Successfully Perform based on Record of Current /Past Performance

- **Risk Assessment Based on Probability of Success**
- **Not a Go/No Go Judgement**
- **SB not Subject to "COC" as Offerors are not "Ineligible" for Award**



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Determining Interrelationships Between Evaluation Factors

Noncost factors a

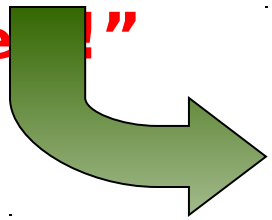
significantly more important than

OR **equal to**

OR **significantly less important than**

cost or price.

“You Have to Tell the Playe !”



What the relationship of the non-cost factors to cost or price!

Key Things to Remember

Evaluation Criteria:

- **Limit Criteria to Discriminators**
- **Include things that are measurable**
- **Ensure they provide guidance for Tradeoffs**

It's Worth paying a Price Premium (Tech more important than

If the Benefits Are Worth The Premium!

Cost being more Important Than Technical

≠

"Low Cost Wins."

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Best Value Trade-off Decisio

The determinative element is not the difference in the ratings, but the rational judgement of the Source Selection Authority concerning the significance of that difference.

The analysis, ratings and comparisons should be used as an aid to the Source Selection Authority's judgement - not as a substitute for that judgement.

Best Value Trade-off Decision
What it is and What it isn't!

The Best Value Trade-off Decision

- Is a Reasonable Business Judgment of the SSA;
- Based on a Comparative Analysis of the Proposals;
- Must be Consistent with the Stated Evaluation Criteria;
- Must Reflect Why Perceived Non-Cost Benefits among Offerors (e.g. Better Design, Better Past Performance) are:
  - Worth any Necessary Price Premium, or
  - Not Worth Price Premium

Source Selection Tradeoff Process - What it Isn't?

- Acceptable Tech/Low Price
- Authority to Pay any Price
- Basis to select any offer you want
  - Must follow the Criteria and Relative Weights Established in the RFP and Source Selection Plan
  - Must be Supportable

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Past Performance Collection Systems

Contractor Performance System (CPS)

Past Performance Data Base (PPDB)

Past Performance Information Management System (PPIMS)

Architect-Engineer Contract Administration Support System (ACASS

Construction Contractor Appraisal Support System (CCASS)

Contractor Performance Assessment Reporting System (CPARS)

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DoD Past Performance Collection Systems Updates

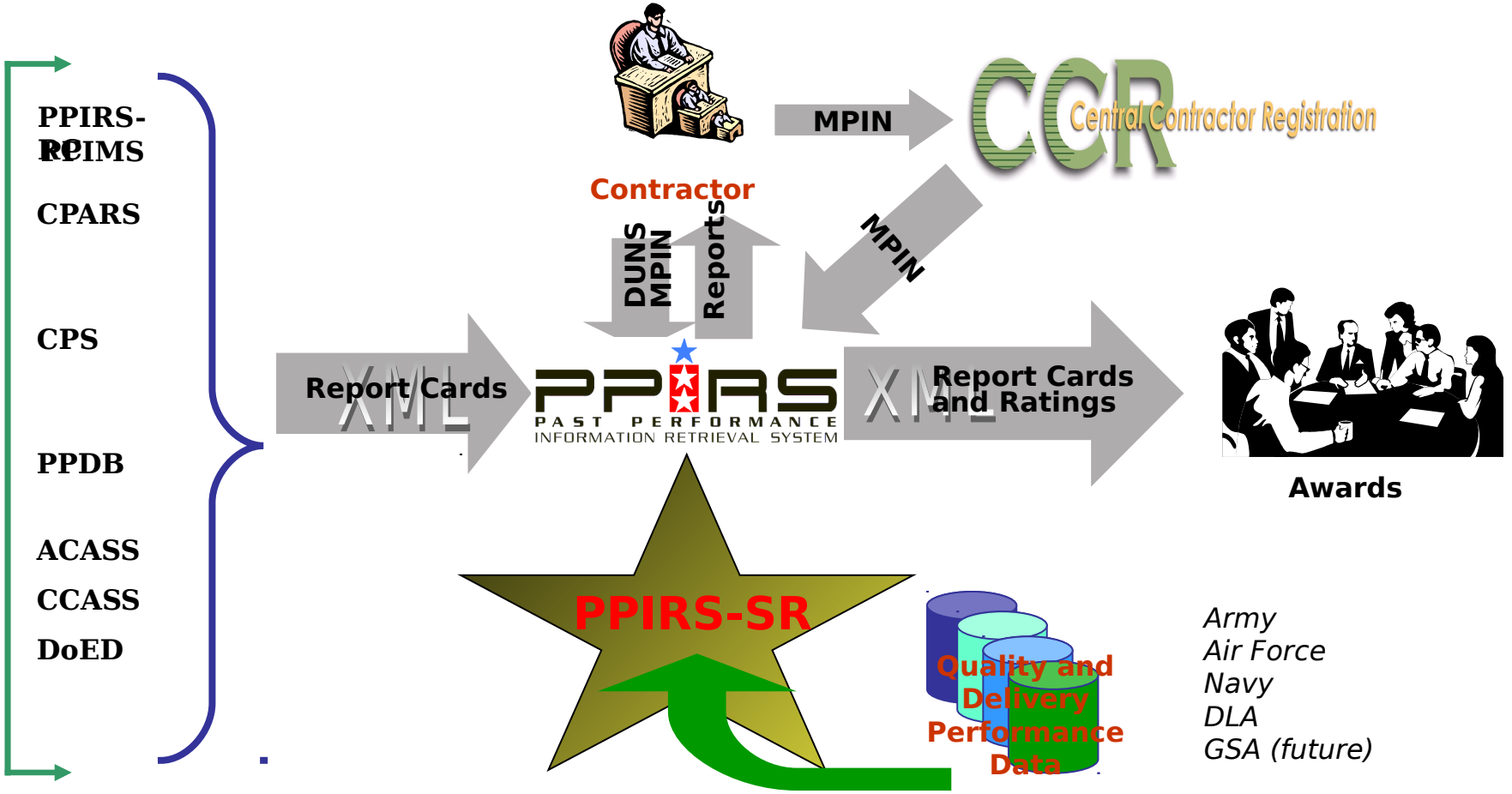
- Past Performance Information Management System (PPIMS)
  - Current Army system

- DoD selected Navy's Contract Performance Assessment Reporting System (CPARS) as the DoD system http://www.cpars.navy.mil

- PPIMS will transition to CPARS

- CPARS selected to transition in Army Corps of Engineers in 06

Federal and DOD Contractor Performance Collection Systems



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Source Selection Lessons Learned

Government Report Card

SS Skills	Needs Improvement
	✓

Systemic Issues

- Overly extensive '*criteria trees*'
- No RFP Executive Summaries
- Poor discriminating criteria
  - Not worthy of price premium
- Poor criteria development
  - Does not consider SSEBs ability to evaluate subject matt
- Poor integrated evaluations/assessments of ALL proposal in
- Lack of familiarity with Discussion Process
- Unclear SSAC Role
  - SSAC supports SSA not an independent entity
- Responsibility determinations performed after selection deci
- FPRs requested before replies to discussion questions are re
- Incomplete SSA/SSAC Briefing packages
- SSEB process not managed or disciplined
  - Evaluations not time sensitive

Source Selection
Gov't - Tips for Success

- ***Manage talent***

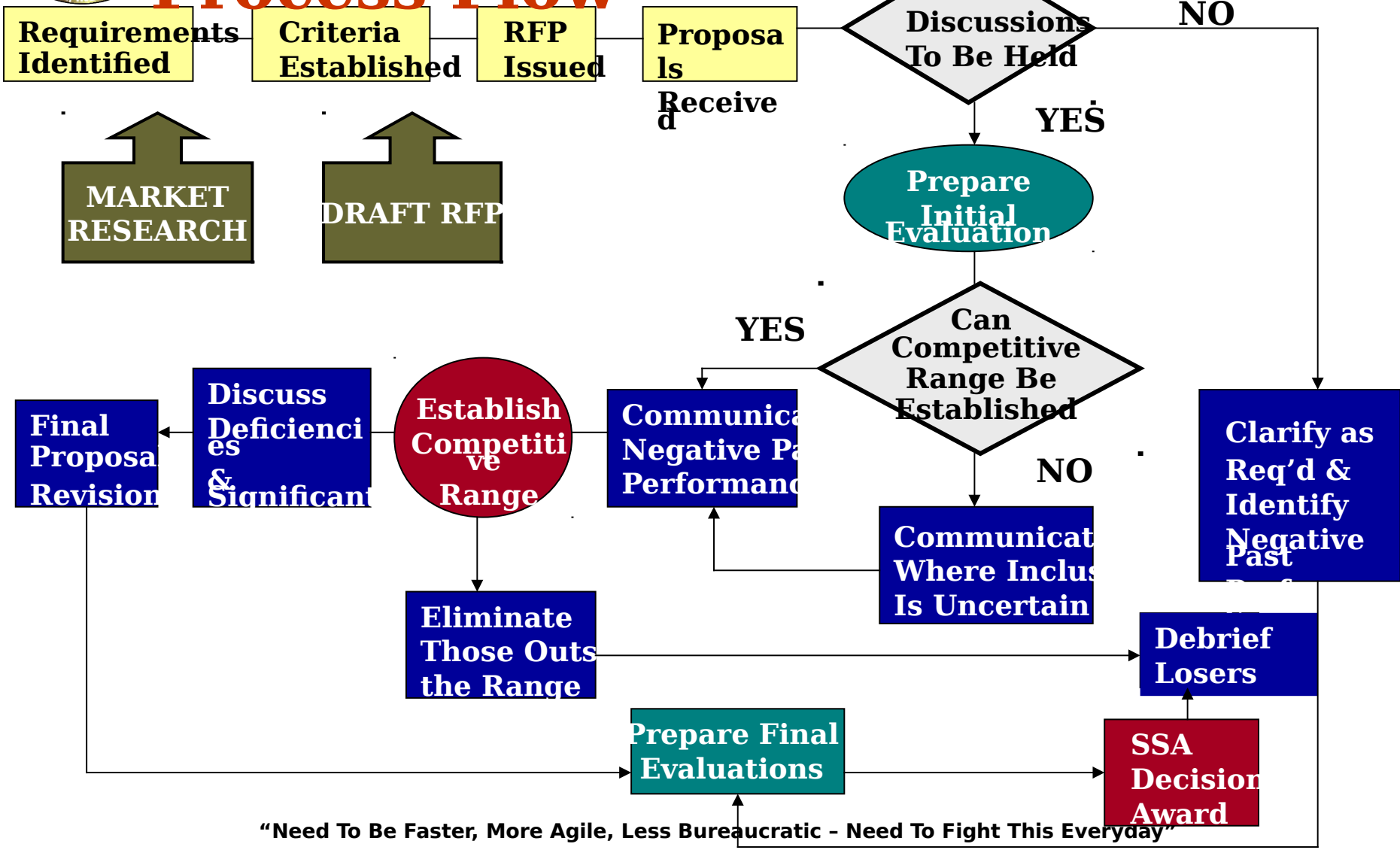
- Establish Source Selection Assistance Teams/Individuals/facilitators
  - Experienced evaluators assist the Source selection evaluation team
- Convene the SSET prior to receipt of proposals – foster understanding
- Provide 'just in time' training sessions – reviews are NEVER a bad idea
- Hold caucus sessions w/ neutral 'knowledgeable' source selection facilita
- Ensure the SSEB chairman and KO/Kt specialist are present during caucu
- Ensure evaluation members are committed from 'start to finish'
- Set timelines – phases during the process and maintain them
- Use SS evaluation s/w tools such as FedSelect, or other comparable tools
- Ensure evaluation criteria is NOT beyond the realm of evaluators experti

Source Selection Industry – Tips for Success

- Relevant information
- Compelling presentation of the facts
- Offer solutions
  - Demonstrate how your proposal eliminates ‘worr
  - Manage the ‘risks’ – *Match risk to cost*
- Support assertions
  - Provide sufficient details to show understanding
  - Provide detail showing you will “deliver” what’s r
  - Show where you will achieve more in high risk ar
- Strong Metrics ---- provide early problem identificati
- Improve communications re: ‘real risks / opportuniti

Backup, Samples & Links

Source Selection Process Flow



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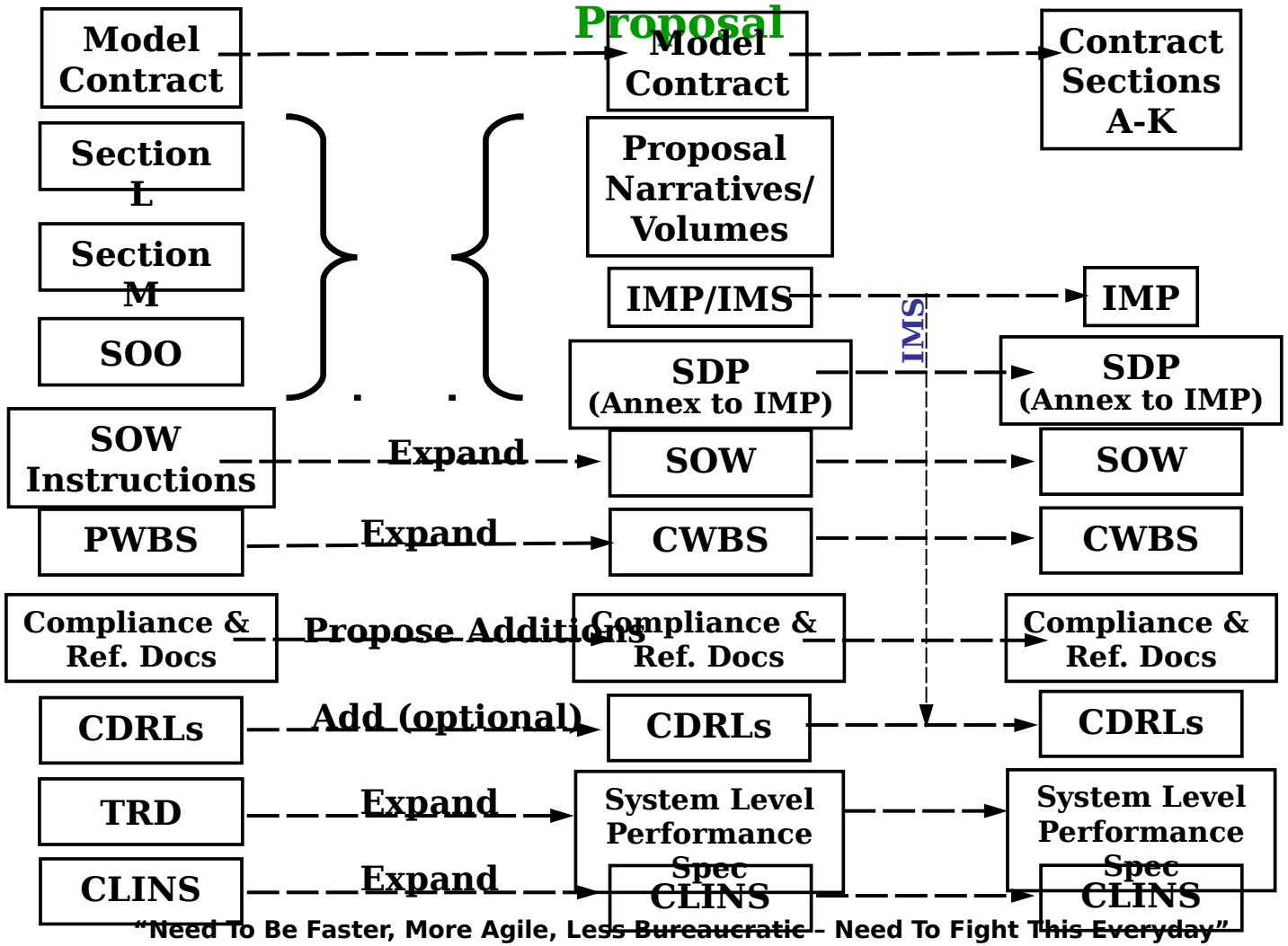
Document Links



Trade-Off Example #1

Scenario: Past Performance is Slightly More Important

	Total Evaluated Price	Past Performance Rating	Historical Contrac Relevance/Recency
Offeror A	$1,000,000	Adequate/ Moderate Risk	High
Offeror B	$1,300,000	Excellent/Very Low Risk	High

Item: Turret Drive Controller
GFM Status: GFM To M1A2 Production Line
Safety: Yes - Controls Turret Spin
Stock Status: 210 Day Supply (PLT is 210 Days)
Complexity: Moderate To High
Offeror "A" History: 20% of Deliveries are 60-90 Days La

Source Selection Decision

"The source selection authority's (SSA) decision shall be based on a comparative assessment of proposals <u>against all source selection criteria in the solicitation</u>. While the SSA may use reports and analyses prepared by others, ***the source selection decision shall represent the SSA's independent judgment."***

Federal Acquisition Regulation 15.308

Source Selection Decision Documentation

"The source selection decision shall be documented, and the documentation shall include the rationale for any business judgments and tradeoffs made or relied on by the SSA, including benefits associated with additional costs. Although the rationale for the selection must be documented, that documentation need not quantify the tradeoffs that led to the decision."

Federal Acquisition Regulation 15.308

What is Performance Risk?

Record of Past Performance + **Relevance of Past Performance** = **Performance Risk**

How Well Did the Offeror Perform?

What is the Predictive Value of the Prior Contracts

What is the Likelihood of Future Success on Our

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Importance of Relevance/Recency

- **Past Performance Assesses Performance Risk Considering both:**
  - **Prior Contract Performance**
  - **Relevance/Recency of Prior Contract Performance**

Example 1

Offeror	Prior Contract Performance			Relevance/Recency of Prior Contract Performance			Performance Risk Rating
	Contract 1	Contract 2	Contract 3	Contract 1	Contract 2	Contract 3	
A	Excellent	Excellent	Excellent	Highly	Highly	Limited	Excellent/ Very Low Risk
B	Excellent	Excellent	Excellent	Limited	Limited	Limited	Adequate/ Moderate Risk

Useful Links

Source Selection Info (Note: Army SS Guidebook currently being revised)

http://www.amc.army.mil/amc/rda/rda-ap/docs/assg-2001.pdf
https://acc.dau.mil/simplify/ev.php?ID=1212_201&ID2=DO_TOPIC
http://www.acqnet.gov/far/current/html/Subpart%2015_3.html
http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm#P220
http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/dfars/PGI%20215_3.htm#P1

Past Performance –

http://www.acq.osd.mil/dpap/Docs/PPI_Guide_2003_final.pdf
http://www.acq.osd.mil/dpap_archive/special/pastperf.htm
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http://cpars.navy.mil/